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ENFORCEMENT COMMISSION

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by Daniel H. Bley, Westport

File No. 2018-045

AGREEMENT CONTAINING CONSENT ORDER

This agreement by and between Daniel Bley, Kari Bley (hereinafter "Respondents") and the authorized representative of the State Elections Enforcement Commission is entered into in accordance with Section 9-7b-54 of the Regulations of Connecticut State Agencies and Section 4-177(c) of the General Statutes of Connecticut. In accordance herewith, the parties agree that:

1. The complaint in this matter was self-reported by Respondents.
2. This self-reported complaint alleges that Respondents, as principals of an executive branch state contractor, made impermissible contributions to an exploratory committee and candidate committee formed as the funding source for a candidate for executive branch office.
3. Under Connecticut law, a principal of an executive branch state contractor is, and was at all times relevant hereto, prohibited from making contributions to Connecticut exploratory and candidate committees formed to fund candidates for an executive branch office.
4. Specifically, General Statutes § 9-612 provides in pertinent part:

(2)(A) No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of (i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer . . . ;

...

(C) If a state contractor or principal of a state contractor makes or solicits a contribution prohibited under subparagraph (A) or (B) of this subdivision, as determined by the State Elections Enforcement Commission, the contracting state agency or quasi-public agency may, in the case of a state contract executed on or after the effective date of this section may void the existing contract with said contractor, and no state agency or quasi-public agency shall award the state contractor a state contract or an extension or an amendment to a state contract for one year after the election for which such contribution is made or solicited unless the commission determines that mitigating circumstances exist concerning such violation. No violation of the prohibitions contained in subparagraph (A) or (B) of this subdivision shall be deemed to have occurred if, and only if, the improper contribution is returned to the principal by the later of thirty days after receipt of such contribution by the recipient committee treasurer or the filing date that corresponds with the reporting period in which such contribution was made, ...

5. General Statutes § 9-612 (f) (1) (F) further defines “principal of a state contractor” as follows:

“Principal of a state contractor or prospective state contractor” means (i) any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity, except for an individual who is a member of the board of directors of a nonprofit organization, (ii) *an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president*, (iii) an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties, (iv) an officer or an employee of any state contractor or prospective state contractor who has managerial or discretionary responsibilities with respect to a state contract, (v) *the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph*, or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

Emphasis added.

6. Connecticut law further defines a “state contract” is to be:

an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. “State contract” does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

General Statutes § 9-612 (f) (1) (C).

7. General Statutes § 9-612 (f) (1) (D) defines a “state contractor” is to be:

a person, business entity or nonprofit organization that enters into a state contract. Such person, business entity or nonprofit organization shall be deemed to be a state contractor until December thirty-first of the year in which such contract terminates. “State contractor” does not include a municipality or any other

political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

8. At all times relevant hereto, Respondent Daniel Bley was an Executive Vice President of Webster Financial Corporation/Webster Bank, N.A. ("Webster Bank").
9. At all times relevant hereto, Respondent Kari Bley was the spouse of Respondent Daniel Bley.
10. At all times relevant hereto, Webster Bank had a contract with the executive branch of the State of Connecticut for cash management services that exceeded \$50,000.
11. On September 11, 2017, Dita Bhargava registered the committee *Dita for CT* with the Commission. *Dita for CT* was a political committee formed for the purpose of funding Ms. Bhargava's exploration of a candidacy for statewide office.
12. On March 1, 2018, Dita Bhargava terminated the *Dita for CT* exploratory committee and registered the *Dita for CT Treasurer* committee with the Commission to fund her candidacy for the office of Treasurer of the State of Connecticut.
13. On September 21, 2017, Respondent Kari Bley made a \$200 contribution to *Dita for CT*.
14. On November 29, 2017, Respondent Daniel Bley made a \$175 contribution to *Dita for CT*.
15. On November 30, 2017, 2018, Respondent Kari Bley made a \$100 contribution to *Dita for CT*.
16. On November 30, 2017, Respondent Daniel Bley made a \$275 contribution to *Dita for CT*.
17. On March 22, 2018, Respondent Kari Bley made a \$100 contribution to *Dita for CT Treasurer*.
18. The aforementioned contributions all were made on-line via the internet and the Respondents do not recall completing contribution certification forms, and, if they did, the Respondents allege that they did not fully appreciate the restrictions applicable to principals of State contractors.
19. At all times relevant hereto, Webster Bank had internal policies and procedures to prevent violations of "pay to play" laws throughout the United States.
20. Because of the policies and procedures established by Webster Bank, sometime between April 10, 2018 and May 18, 2018, Webster Bank identified the five contributions made by

the Respondents as potential violations of Connecticut law.

21. Connecticut law allows for a state contractor to request the return of improper contributions. Specifically, General Statutes § 9-612 (f) (2) (C) provides, in pertinent part:

No violation of the prohibitions contained in subparagraph (A) or (B) of this subdivision shall be deemed to have occurred if, and only if, the improper contribution is returned to the principal by the later of thirty days after receipt of such contribution by the recipient committee treasurer or the filing date that corresponds with the reporting period in which such contribution was made;

22. Sometime prior to May 18, 2018, Respondents requested the return of the improper contributions.
23. On May 18, 2018, despite repeated requests for the return of all contributions, *Dita for CT Treasurer* refunded \$100 to Respondent Kari Bley.¹
24. The first filing date that corresponded with the reporting period in which the \$100 contribution from Kari Bley to *Dita for CT Treasurer* was after May 18, 2018.²
25. As the \$100 contribution by Respondent Kari Bley to *Dita for CT Treasurer* was returned prior to the filing date that corresponded with the reporting period in which that contribution was made, the Commission concludes that no violation occurred with regard to that contribution.
26. On June 14, 2018, Respondents caused the instant complaint to be filed with the Commission.
27. As Webster Bank's contracts for services with the State of Connecticut exceed \$50,000, the Commission concludes that Webster Bank's contracts are and were, at all times relevant hereto, state contracts as defined by General Statutes § 9-612 (f) (1) (C).
28. As Webster Bank's contracts were with the executive branch of the State of Connecticut, the Commission further concludes that Webster Bank is, and was at all times relevant hereto, an executive branch state contractor as defined by General Statutes § 9-612 (f) (2) (D).
29. As an executive vice president of Webster Bank, Respondent Daniel Bley was, at all times relevant hereto, a principal of that entity, and thus a principal of an executive branch state contractor pursuant to General Statutes § 9-612 (f) (1) (F).

¹ It was not possible for the remaining four contributions by the Respondents to be refunded as the *Dita for CT* committee had already terminated.

² The next financial disclosure report for *Dita for CT Treasurer* after April 10, 2018 would have been July 10, 2018. However, *Dita for CT Treasurer* filed a financial disclosure statement with the Commission on June 6, 2018 as part as the committee's application for a grant from the Citizen's election program. The June 6, 2018 financial disclosure statement included the refund of the \$100 contribution from Respondent Kari Bley.

30. Moreover, as the spouse of an executive branch state contractor, the Commission concludes that Respondent Kari Bley is the principal of an executive branch state contractor.
31. Accordingly, the Commission concludes that when the Respondents made contributions to *Dita for CT*, they were principals of an executive branch state contractor and thus violated, albeit unintentionally, the state contractor contribution prohibitions detailed in General Statutes § 9-612 (f).
32. While the Respondents have been cooperative with the investigation and have no prior history with the Commission, due to how serious the Commission views violations of Connecticut's state contractor prohibitions even if unintentional, the Commission determines that it must assess a civil penalty in this case in the amount detailed in the Order attached hereto.
33. Once the Commission determines that a principal of a state contractor has made or solicited an impermissible contribution, the contracting state agency may void the state contractor's contracts. Such penalty may be avoided, however, if the Commission determines that mitigating circumstances exist. Specifically, General Statutes § 9-612 (f) (2) (C) provides, in pertinent part:

If a state contractor or principal of a state contractor makes or solicits a contribution as prohibited under subparagraph (A) or (B) of this subdivision, as determined by the State Elections Enforcement Commission, the contracting state agency or quasi-public agency may, in the case of a state contract executed on or after February 8, 2007, void the existing contract with such contractor, and no state agency or quasi-public agency shall award the state contractor a state contract or an extension or an amendment to a state contract for one year after the election for which such contribution is made or solicited unless the commission determines that mitigating circumstances exist concerning such violation.

34. The Commission has held that, that pursuant to General Statutes § 9-612 (f), a separate "mitigating circumstances" analysis is not reached unless the Commission determines that a violation has occurred. Therefore, the Commission finds that the violations by Respondents of the state contractor contribution ban, as detailed herein, allows the Commission to determine whether *mitigating circumstances* exist concerning such violations pursuant to General Statutes § 9-612 (f) (2) (C). *In the Matter of a Complaint by Attorney Brendon M. Fox on Behalf of Joseph Dasilva, Danbury*, File No. 2015-179.
35. If mitigating circumstances are found by the Commission, the contractual penalty is not automatic, but the awarding agency retains discretion to amend a contract or award a new contract. The agency may still void a contract at its discretion if a violation of § 9-612 (f) (2) (C) occurs, even if mitigating circumstances are found pursuant to that section. *See, In the Matter of a Complaint by Attorney Brendon M. Fox on Behalf of Joseph Dasilva, Danbury*, File No. 2015-179.
36. In determining whether circumstances are "mitigating," the Commission deems it necessary

to consider any circumstances pertaining to the contribution by Respondents, as well as how any contracts, agreements or pending bids or responses to between the Companies and the State would, although not excusing the conduct, tend to reduce or militate against the harm of pay-to-play and/or influence peddling the state contractor contribution ban is designed to prevent.

37. Specifically, the Commission has consistently and historically determined that, pursuant to General Statutes §9-612 (f), the state contractor ban is designed to eliminate the undue influence over the awarding of contracts that principals of state contractors who make contributions to candidate committees for statewide office and/or party committees could wield over those state actors awarding such contracts and to prevent the awarding of contracts in exchange for campaign contributions and various pay-to-play campaign finance schemes. See *In the Matter of a Complaint by Michael A. Neal, Naples, FL*, File No. 2018-028; *In the Matter of a Complaint by Carla Squatrito, et al.*, File No. 2010-112; *In the Matter of a Complaint by Gerald T. Weiner, et al.*, File No. 2010-099; *In Re David Baxter, et al.*, File No. 2009-080; *In Re Charles Shivery*, File No. 2007-381; *In the Matter of a Complaint by Ronald Nault and Luchs Consulting Engineers, LLC*, File No. 2007-353; *In Re JCJ Architecture*, File 2008-120; *In Re Antinozzi Associates*, File No. 2014-009, *In the Matter of a Complaint by Curtis Robinson, Plainville*, File No. 2014-169; and, *In the Matter of a Complaint by Raymond Baldwin, Trumbull*, File No. 2015-009.
38. The Commission finds, after investigation, no evidence that the Respondents' prohibited contributions had any nexus with the awarding of contracts or contract amendments or the acceptance bid proposals by Webster Bank.
39. Additionally, and upon investigation, the Commission finds no evidence that the contributions described in this Agreement were made in connection with any requests for or offers of assistance between the *Dita for CT* committee and/or its agents and representatives and the Respondent pertaining to any contract or proposal to which Webster Bank was a party.
40. Pertaining to Respondents and the prohibited contributions detailed herein, the Commission determines that the following *mitigating circumstances* exist:
 - (1) There was no discussion or agreement by or among Respondents, the representatives of recipient committee, and/or the State of Connecticut that Respondent might receive some favored treatment in exchange for the contribution that Respondent made.
 - (2) There was no discussion, agreement, or understanding that any of the parties or their agents would provide assistance to Respondents or Webster Bank in its efforts to compete for awards of state contracts in exchange for the contribution to the recipient committee.

- (3) Webster Bank has an extensive policy to prevent violations of pay-to-play laws across the country, and application of such policy caused this violation to be caught and reported.
- (4) The Respondents self-reported this complaint after becoming aware of the potential violation.
41. The Commission determines after investigation that the policy behind General Statutes § 9-612 (f) to address “pay-to-play” and/or influence peddling schemes relating to campaign contributions and the awarding of state contracts was not circumvented under these narrow facts and circumstances. Therefore, allowing Webster Bank to continue its contractual relationships, obligations or bid proposals with the State of Connecticut does not compromise the state’s interests to insure integrity in its campaign financing and state contracting systems.
42. Accordingly, the Commission concludes pursuant to General Statutes § 9-612 (f) (2) (C) that mitigating circumstances exist pertaining to the violations found in connection with the Respondents contributions to *Dita for CT* such that Webster Bank is not statutorily barred from continuing, effectuating or otherwise implementing existing contracts, contractual obligations or being awarded contracts with State of Connecticut.
43. Respondents admit all jurisdictional facts and agrees that this Agreement and Order shall have the same force and effect as a final decision and Order entered after a full hearing and shall become final when adopted by the Commission. Respondent shall receive a copy hereof as provided in Section 9-7b-56 of the Regulations of Connecticut State Agencies.
44. It is understood and agreed that this agreement will be submitted to the Commission at its next meeting and, if it is not accepted by the Commission, it is withdrawn by the Respondents and may not be used by either party as an admission in any subsequent hearing, if the same becomes necessary.
45. Respondents waive:
- a. any further procedural steps;
 - b. the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law, separately stated; and,
 - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered into pursuant to this agreement.
46. Upon Respondents’ compliance with the Order hereinafter stated, the Commission shall not initiate any further proceedings against Respondents pertaining to this matter, and this

agreement and order does not serve as a prospective ban on future contracts between Respondents and state agencies.

ORDER

IT IS HEREBY ORDERED THAT Respondent shall henceforth strictly comply with the requirements of General Statutes § 9-612.

IT IS HEREBY FURTHER ORDERED THAT Respondent Daniel Bley shall pay a civil penalty in the amount of five hundred dollars (\$500.00).

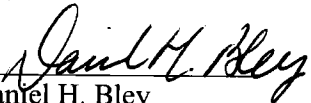
IT IS HEREBY FURTHER ORDERED THAT Respondent Kari Bley shall pay a civil penalty in the amount of five hundred dollars (\$500.00).

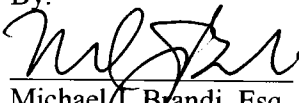
The Respondent:

For the State of Connecticut:

By:

By:

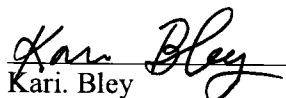

Daniel H. Bley
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Michael J. Brandi, Esq.,
Executive Director and General
Authorized Representative of the State
Elections Enforcement Commission
20 Trinity Street, Suite 101
Hartford, CT 06103

Dated: 9/11/18


Dated: 9/18/18

By:


Kari Bley
c/o Brendan M. Fox, Jr.
The Law Offices of Jay F. Malcynsky, P.C.
One Liberty Square
New Britain, CT 06051

Dated: 9/11/18

Adopted this 19th day of September, 2018 at Hartford, Connecticut


~~Anthony J. Castagno, Chairman~~
By Order of the Commission
Salvatore A. Bramante, Cochair